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TO COUNTY ASSESSORS:

No. 2000/070

SUMMARY OF 2000 PROPERTY TAXES LEGISLATION

This is a summary of 2000 legislation affecting property taxes. All bills will become effective January 1, 2001, unless otherwise specified.

AB 659 (Wiggins), Chapter 601 (effective September 24, 2000)

Amends sections 214 and 237 of, and adds section 230 to, the Revenue and Taxation Code.

Welfare Exemption—Low-Income Housing. Reinstates eligibility for the exemption on the sole basis of providing low-income housing for property that is wholly owned by an eligible non-profit corporation if 90% or more of the occupants of the property are lower-income households whose rent does not exceed the rent prescribed by Health and Safety Code section 50053. Property owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation is specifically *excluded* from this reinstatement and to qualify such property must either (1) be financed with tax-exempt bonds or government-provided loans or grants or (2) the owner must be eligible for and receive low-income housing income tax credits.

Welfare Exemption Cap. Places an exemption cap of \$20,000 of tax for non-profit organizations who qualify under section 214(g)(1)(C). The total exemption amount allowed under section 214(g) to a taxpayer, with respect to a single property or multiple properties for any fiscal year on the sole basis of the application of this subparagraph, may not exceed \$20,000 of tax.

Welfare Exemption—Restricted Use Documentation. Reinstates the use of an "other legal document" as documentation that the project is restricted to use as low-income housing but only for property that is wholly owned by an eligible non-profit corporation. This bill adds section 214(g)(1)(C)(ii) to specifically exclude property owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation from this reinstatement. Property owned by limited partnerships must have either (1) a recorded deed restriction or (2) an enforceable and verifiable agreement with a public agency limiting its use to low-income housing.

Historical Vessel Exemption. Exempts from property tax a refurbished original, wooden inland waters vessel of 47 feet or larger that (1) was built in California during or prior to 1910, (2) has

continuously thereafter remained in California waters, (3) has been designated a California State Historical Landmark, and (4) is part of a maritime museum. Also exempts any personal property on the vessel that is used in its operation.

Low Income Indian Housing Authorities Exemption. Modifies the exemption for low-income housing that is owned and operated by the housing entity of a federally designated Indian tribe to require that at least 30% of the units be continuously available for lower-income households and limits the amount of the exemption to the percentage of units actually occupied by lower-income households.

AB 1036 (Wesson), Chapter 602

Amends section 95.31 of the Revenue and Taxation Code.

State-County Property Tax Administration Loan Program. Extends the sunset date of the program to include the 2001-02 fiscal year.

AB 1790 (Wiggins), Chapter 272

Amends section 53 of the Revenue and Taxation Code.

Grapevines. Regarding the base year value transfer provisions for replanted grapevines due to Pierce's disease or phylloxera, (1) eliminates the requirement that the replacement grapevines be of similar type, and (2) limits the base year value transfer to an equivalent number of replacement grapevines if the vines are replanted at a greater density. That portion in excess of a substantially equivalent amount is to be assessed at current market value.

AB 1944 (Wayne), Chapter 889

Amends section 51238.3 of, and adds section 51284.1 to, the Government Code.

Williamson Act. Provides that a compatible use is expressly specified within the contract only if it is specifically enumerated within the four corners of the Williamson Act contract without reference to other documents. Also requires the county board of supervisors or city council to mail a notice to the Director of Conservation of its acceptance of the landowner application for tentative cancellation of a contract.

AB 1966 (Wiggins), Chapter 406 (effective September 12, 2000)

Amends section 75.5 of the Revenue and Taxation Code.

Supplemental Assessment—Possessory Interests. Excludes from supplemental assessment newly created taxable possessory interests, established by month-to-month agreements in publicly-owned real property, having a full cash value of \$50,000 or less.

AB 2092 (Reves), Chapter 575

Amends section 890.3 of the Military and Veterans Code.

Disabled Veterans' Exemption. Permits the disabled veterans' property tax exemption to be granted retroactively for property for which the exemption would have been available but for the taxpayer's failure to receive a timely disability rating from the United States Department of Veterans Affairs. The exemption, subject to the limitations on refunds, would be granted as of the effective date of the disability rating. (*Also, see AB 2562, SB 1362, and SB 2195*).

AB 2562 (Brewer), Chapter 922 (effective September 29, 2000)

Adds sections 276.2 and 276.3 to, and repeals and adds section 276 of, the Revenue and Taxation Code.

Disabled Veterans' Exemption.

- *These changes to sections 276, 276.2, and 276.3 were incorporated into SB 1362, Chapter 1085. Since SB 1362 was chaptered last, it is to be referenced as the source for these changes.*
- *Also, see AB 2092, SB 1362, and SB 2195.*

AB 2612 (Brewer), Chapter 607

Amends section 401.10 of the Revenue and Taxation Code.

Intercounty Pipeline Rights-of-Way. Extends to January 1, 2011, the agreement reached in 1996 between county assessors and intercounty pipeline rights-of-way owners to set forth an assessment methodology used to determine the value of intercounty pipeline rights-of-way for the 1984-85 through 2000-01 tax years.

AB 2891 (Revenue and Taxation Committee), Chapter 646

Amends sections 75.11, 75.21, 532, 731, 732, 733, 746, 748, 749, 758, and 759 of the Revenue and Taxation Code.

See identical provisions contained in SB 2170, Chapter 647. Since SB 2170 was chaptered last, it is to be referenced as the source for these changes.

SB 383 (Haynes), Chapter 693 (effective September 27, 2000)

Amends section 69.5 of the Revenue and Taxation Code.

Base Year Value Transfer for Persons Age 55 and Over and Disabled Persons.

- Prohibits escape assessments for prior years taxes when intercounty base year value transfers are erroneously granted after the expiration of a county's ordinance.
- Operative January 1, 2001, requires the assessor, upon a taxpayer's request, to rescind the base year value transfer if the home was vacated within 90 days after the claim was filed. (*See SB 1417, Chapter 417.*)
- Operative January 1, 2001, permits intercounty base year value transfers to be granted prospectively in counties that change the effective date of their ordinance to a date that is more than 3 years prior to the adoption date (this creates a new filing period for affected

taxpayers because the period for filing a timely claim would have otherwise expired). (See SB 1417, Chapter 417.)

SB 1362 (Poochigian), Chapter 1085 (effective September 30, 2000)

Amends and repeals section 205.5 of, adds section 276.1, 276.2, and 276.3 to, and repeals and adds section 276 of, the Revenue and Taxation Code.

Disabled Veterans' Exemption.

- Increases amount of partial retroactive exemptions from 80% to 90% for claims filed between February 16 and December 10. Permits partial retroactive exemptions of 85% to be granted for prior tax years, subject to the limitations on refunds, on property for which a claim is filed after December 10. [§276]
- Permits full retroactive exemptions for veterans awaiting a disability rating. The exemption, subject to the limitations on refunds, would be granted as of the effective date of the disability rating. [§276.1]
- Permits full exemption for property acquired after the lien date if a claim is filed by the end of the calendar year in which the property was purchased. [§276.2]
- Provides for immediate termination of the exemption for property sold to an ineligible third party. [§276.3]
- *For changes to section 205.5, see provisions contained in SB 2195, Chapter 1086. Since SB 2195 was chaptered last, it is to be referenced as the source for these changes.*
- *Also, see AB 2092, AB 2562, and SB 2195.*

SB 1417 (Wright), Chapter 417

Amends section 69.5 of the Revenue and Taxation Code.

These changes were incorporated into SB 383, Chapter 693. Since SB 383 was chaptered last, it is to be referenced as the source for these changes.

SB 1844 (Kelley), Chapter 613

Amends section 469 of the Revenue and Taxation Code.

Business Property. Increases the threshold level that requires the assessor to audit the books and records of a business once every four years from \$300,000 to \$400,000 worth of business property holdings (trade fixtures and business tangible personal property).

SB 1933 (Vasconcellos), Chapter 619

Adds and repeals Part 18.3 (commencing with section 38061) of Division 2 of the Revenue and Taxation Code.

California Commission on Tax Policy in the New Economy. Until 2004, creates the commission to examine and report to the Governor and the Legislature the impact of Internet and

other forms of electronic technology on various types of taxes. With respect to property taxes, the commission shall:

- Investigate the revenue repercussions for local government in assessment of real property, assuming changes in the trends of real property versus personal property utilization.
- Examine the effects of electronic commerce activity on land-based enterprises in the new economy and evaluate the impact on local economic development approaches and consider what new tools could be used.

SB 2084 (Polanco), Chapter 861 (effective September 29, 2000)

Amends and adds multiple sections of the Government Code, the Revenue and Taxation Code, and the Vehicle Code, relating to transportation. Adds section 225 to the Revenue and Taxation Code.

Personal Property Exemption. Exempts from property tax a trailer or semitrailer that has a valid identification plate issued to it pursuant to section 5014.1 of the Vehicle Code (i.e., ensures that commercial trailers and semitrailers do not become subject to taxation under property tax law once they are no longer subject to the vehicle license fee because the vehicle license fee is in lieu of property taxes).

SB 2170 (Revenue and Taxation Committee), Chapter 647

Amends sections 51, 75.11, 75.21, 75.31, 227, 408, 532, 534, 674, 731, 732, 733, 746, 748, 749, 758, 759, 1605, 17935, and 19236 of, and adds section 19052 to, the Revenue and Taxation Code.

Base Year Value. Clarifies that for property damaged by disaster, misfortune, or calamity, the new base year value excludes the portion of the previous value attributable to the portion of the property that is destroyed or removed. [§51]

Statute of Limitations on Escape Assessments. Restores the four-, six-, and eight-year limitation on the number of escape assessments that may be levied for prior tax years, *except* in cases of fraud or changes in ownership involving property owned by a legal entity if a change in ownership statement is not filed. [§§75.11 and 532]

Late-Filed Exemption Claims. Restores language inadvertently deleted by SB 2237 (Chapter 591 of the Statutes of 1998) related to permitting a partial exemption to be granted on late-filed claims for the veterans', homeowners', and disabled veterans' exemptions on a supplemental assessment. [§75.21]

Appeals Filing Period. Clarifies that the time for filing assessment appeals outside the regular filing period is "within 60 days of the date of mailing printed on the notice or the postmark date therefor whichever is later." [§75.31, §1605]

Documented Vessels. Obsolete language deleted relating to the Controller's audit of claims for compliance. [§227]

Assessor Records. Adds the State Lands Commission to the list of agencies that may receive appraisal data in the possession of the assessor. [§408]

Contract Appraisers. Establishes safeguards to ensure the confidentiality of taxpayer confidential information when consultants are hired by county assessors to perform appraisal work. [§674]

State-Assessed Properties. Simplifies the petition filing deadlines for appeals of assessments and allocations of state-assessed properties. [§§731, 732, 746, 758, and 759]

SB 2195 (Soto), Chapter 1086 (effective September 30, 2000)

Amends and repeals section 205.5 of the Revenue and Taxation Code.

Disabled Veterans' Exemption.

- Permanently extends the current exemption amounts of \$100,000 and \$150,000, thereby preventing an otherwise scheduled reduction in the maximum exemption amount for those currently receiving the exemption.
- Deletes the multiple levels of exemption for disability type.
- Updates the definition of blindness.
- Raises the income threshold to \$40,000 to receive the low income exemption amount and, beginning in 2002, provides for annual increases in the threshold by an inflation factor based on the annual change in the California Consumer Price Index for all items from October to October (changes incorporated from SB 1362).
- *See also AB 2092, AB 2562, and SB 1362.*

Bills may be viewed from the Legislative Counsel's Web site at <http://www.leginfo.ca.gov>. Additional information based on the Board's bill analyses is contained in the *Legislative Bulletin* which is available from the Board's Web site at www.boe.ca.gov/proptax.htm under "Publications and Other Documents." The *Legislative Bulletin* was mailed separately to county assessors. If you have not received a copy, please contact our Legislative Division at (916) 445-5742.

If you have any questions regarding the application of these measures, please contact the Policy, Planning, and Standards Division at (916) 445-4982.

Sincerely,

/s/ Richard C. Johnson

Richard C. Johnson
Deputy Director
Property Taxes Department

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